
**CREDIT NUMBER 7254-PK (CONCESSIONAL CREDIT)
CREDIT NUMBER 7255-PK (NON-CONCESSIONAL CREDIT)**

Project Agreement

(Sindh Water and Agriculture Transformation Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PROVINCE OF SINDH

CREDIT NUMBER 7254-PK (CONCESSIONAL CREDIT)
CREDIT NUMBER 7255-PK (NON-CONCESSIONAL CREDIT)

PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and PROVINCE OF SINDH (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of the Signature Date between the Islamic Republic of Pakistan (“Recipient) and the Association, concerning Credit No. 7254-PK (Concessional Credit) and Credit No. 7255-PK (Non-Concessional Credit). The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Financing Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

ARTICLE III — TERMINATION

- 3.01. For purposes of Section 10.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the Signature Date.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

- 4.01. The Project Implementing Entity’s Representative is its Chairperson of the Planning and Development Board.

4.02. For purposes of Section 11.01 of the General Conditions: (a) the Association's address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America; and

(b) the Association's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or	1-202-477-6391	CMUPakistan@worldbank.org

4.03. For purposes of Section 11.01 of the General Conditions: (a) the Project Implementing Entity's address is:

Planning and Development Board
Government of Sindh
Tughlaq House
Karachi, Sindh
Islamic Republic of Pakistan; and

(b) the Project Implementing Entity's Electronic Address is:

Facsimile:
92-21-9211922

AGREED as of the later of the two dates written below.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By Najy Benhassine
Authorized Representative
Name: Najy Benhassine
Title: Country Director
Date: 24-Dec-2022

PROVINCE OF SINDH

By Subail Ahmed Qureshi
Authorized Representative
Name: Suhail Ahmed Qureshi
Title: Secretary Irrigation Department
Date: 10-Jan-2023

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Project Implementing Entity shall ensure, throughout the period of implementation of the Project, that:
 - (a) the PCMU shall be led by a Project Coordinator and be comprised of experts in adequate numbers and under terms of reference satisfactory to the Association, and be vested with the responsibility of: (i) implementing Parts 1 and 4 of the Project; and (ii) the overall implementation, procurement, support, monitoring and evaluation of the Project.
 - (b) the SIDA shall be led by the managing director and be comprised of experts in adequate numbers and under terms of reference satisfactory to the Association, and be vested with the responsibility of implementing Part 2 of the Project in collaboration with AWBs and Selected FOs and other agencies involved with the Project.
 - (c) the ADU shall be headed by the director and be comprised of experts in adequate numbers and under terms of reference satisfactory to the Association, and be vested with the responsibility of: (i) implementing Part 3 of the Project, including in accordance with the Smart Subsidy Manual, in collaboration with agencies involved with the Project including non-government organizations, selected in the manner and under terms of reference satisfactory to the Association; (ii) implementing Part 5 of the Project in accordance with the FERC Manual.
 - (d) the Project Technical Committee shall be comprised of experts in adequate numbers and under terms of reference satisfactory to the Association, and be vested with the responsibility of, *inter alia*, carrying out of preparation activities and meeting on a quarterly basis, or as and when required.
2. The Project Implementing Entity shall establish within one (1) month from the Effective Date, and maintain throughout the period of the implementation of the Project, the Project Steering Committee led by the Chairperson of the PDD and be comprised of experts in adequate numbers and under terms of reference satisfactory to the Association, and be vested with the responsibility of: (i) overseeing the Project; (ii) coordinating various agencies involved in the Project; and (iii) ensuring cooperation of these agencies in executing Project activities.
3. The Project Implementing Entity shall maintain, throughout the period of implementation of the Project, committees and agencies referred to in subsections 1 and 2 above, with the composition, financial resources that shall be allocated in the Sindh Government's annual

development budget, and other resources, mandate, and terms of reference satisfactory to the Association and adequate for successful implementation of the Project.

B. Operations Manuals and Project Implementation Arrangements

1. The Project Implementing Entity shall:
 - (a) prepare and promptly furnish to the Association for its review, and adopt, by no later than one (1) month after the Effective Date, a Project Operations Manual in a manner and substance satisfactory to the Association, setting out detailed arrangements and procedures for implementation of the Project including *inter alia*:
 - (i) implementation arrangements including delineation of role and responsibility of various departments, entities, institutions and agencies involved in Project implementation and their coordination, including the eligibility criteria and selection procedures for the Subprojects;
 - (ii) the procurement procedures and standard procurement documentation;
 - (iii) disbursement arrangements, financial management procedures and audit procedures;
 - (iv) Personal Data collection/processing;
 - (v) annual work plan and budget preparation and review procedures;
 - (vi) the Project performance indicators and monitoring and evaluation arrangements;
 - (vii) arrangement and procedures for environment and social safeguard management including social monitoring and gender strategy;
 - (viii) public awareness and communication arrangements; and
 - (ix) administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project; and
 - (b) thereafter, implement the Project in accordance with the Project Operations Manual.
2. The Project Implementing Entity shall carry out Part 3.2 of the Project in accordance with the Smart Subsidy Manual.
3. The Project Implementing Entity shall carry out Part 5 of the Project in accordance with the FERC Manual.

4. The Project Implementing Entity shall not amend, abrogate, or suspend, or permit to be amended, abrogated, or suspended any provision of any of the Operations Manuals without the prior written agreement of the Association.
5. Notwithstanding the foregoing, if any provision of any Operations Manual is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail. Subject to the prior written agreement of the Association, the Project Implementing Entity shall update any Operations Manual, as necessary, at all times ensuring compliance thereof with the terms of this Agreement.
6. The Project Implementing Entity shall ensure that collection, storage, usage or processing of personal data are carried out with due regard to appropriate data protection and privacy standards and practices.

C. Annual Work Plans and Budgets

1. The Project Implementing Entity shall:
 - (a) throughout Project implementation, furnish to the Association for approval as soon as available, but in any case, not later than April 30 of each year, the annual work plan and budget for the Project for each subsequent fiscal year, of such scope and detail as the Association shall have reasonably requested, except for the annual work plan and budget for the first fiscal year which shall be furnished no later than one (1) month after the Effective Date; and
 - (b) no later than two (2) months after furnishing the annual work plan and budget referred to in the preceding paragraph to the Association, finalize and adopt, and thereafter ensure that the Project is carried out in accordance with, such plan and budget as agreed with the Association.

D. Subproject

General

1. The Project Implementing Entity shall review and approve applications for Subprojects, and thereafter monitor and evaluate such Subprojects in accordance with the provisions of this Part D and the Project Operations Manual.

Criteria

2. The Project Implementing Entity shall support Sub-projects in accordance with the criteria set forth in the Project Operations Manual and which shall include the following:
 - (a) the Subproject is aligned with the objectives of the Project; and
 - (b) the Subproject: (i) is technically feasible and environmentally sustainable;
(ii) is consistent with the relevant technical, economic, financial, managerial, environmental, and social standards;

- (iii) complies with the safeguards requirements, and if required, has prepared a Subproject EIA, Subproject ESMP, Subproject RAP and/or any other Safeguard Documents in accordance with Section I. G.1 of this Schedule; and
- (iv) does not require land acquisition, unless the Project Implementing Entity has ensured that such land has been obtained on a willing-buyer-willing-seller basis, or as a voluntary donation or bequest, in each case in conformity with the requirements of the ESMF, the Akram Wah SMRP and/or the RPF.

E. Smart Subsidy Grant

- 1. The Project Implementing Entity shall, through the Agriculture Department, review and approve applications for the Smart Subsidy Grants in accordance with criteria acceptable to the Association and set forth in the Smart Subsidy Manual, and thereafter monitor and evaluate, all in accordance with the provisions of this Part E and the Smart Subsidy Manual.
- 2. The Project Implementing Entity shall make a Smart Subsidy Grant to an eligible small farmer pursuant to a Smart Subsidy Grant Agreement between the Agriculture Department and an eligible small sized farmer on the terms and conditions set forth in the Smart Subsidy Manual.

F. FERC

- 1. The Project Implementing Entity shall, through the Agriculture Department, review and approve applications for the Cash Transfer in accordance with criteria acceptable to the Association and set forth in the FERC Manual, and thereafter monitor and evaluate, all in accordance with the provisions of this Part F and the FERC Manual.
- 2. The Project Implementing Entity shall make any Cash Transfer to an eligible small and medium sized farmer in accordance with the procedures set forth in the FERC Manual.

G. Safeguards.

1. Safeguard Instruments

- 1. The Project Implementing Entity shall ensure that the Project is carried out with due regard to appropriate health, safety, social, and environmental standards and practices, and in accordance with the Safeguards Instruments.
- 2. The Project Implementing Entity shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of Safeguard Instruments; (b) adopt and implement measures to assess and manage the risks and impacts of labor influx and workers' camps; (c) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures on environmental, social, health and safety, gender-based violence and violence against children; all as applicable to such civil works commissioned or carried out pursuant to said contracts.

3. Except as the Association shall otherwise agree, the Project Implementing Entity shall ensure that none of the provisions of the Safeguard Instruments is abrogated, amended, repealed, suspended, or waived. In case of any inconsistencies between the provisions of any of the Safeguard Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Project Implementing Entity shall ensure that:
 - (a) for each activity under the Project for which the ESMF, and/or the RPF provide for the preparation of a Subproject ESIA, and/or a Subproject ESMP, and/or a Subproject RAP:
 - (i) proceed to have such Subproject ESIA, and/or Subproject ESMP and/or Subproject RAP as appropriate: (A) prepared and disclosed in accordance with the ESMF and/or the RPF, respectively; (B) consulted upon adequately with people affected by the Project as per the ESMF and/or the RPF, respectively, and submitted to the Association for review and approval; and (C) thereafter adopted, prior to implementation of the activity; and
 - (ii) take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Subproject ESIA, and/or Subproject ESMP and/or Subproject RAP in a manner satisfactory to the Association;
 - (b) all measures are taken to implement the Subproject RAPs and the Akram Wah SMRP, in a manner and timeframe satisfactory to the Association. To this end, the Project Implementing Entity shall ensure that:
 - (i) funds are made available to cover all the costs of implementing the Subproject RAPs and the Akram Wah SMRP;
 - (ii) prior to carrying out activities which involve displacement, Affected Persons shall be compensated at full replacement cost, resettled and provided with assistance in accordance with the Subproject RAPs;
 - (iii) prior to carrying out any upgradation works of the Akram Wah canal under Part 2.4 of the Project, related compensations shall be paid in accordance with the Akram Wah SMRP, in a manner satisfactory to the Association; and
 - (iv) the implementation, monitoring, and evaluation of such Subproject RAPs and the Akram Wah SMRP are completed and reported in a manner satisfactory to the Association.
5. Except as the Association shall otherwise agree in writing, the Project Implementing Entity shall ensure, that none of the provisions of the Safeguard Instruments be abrogated, amended, repealed, suspended, or waived. In case of any inconsistencies between the

provisions of any of the Safeguard Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.

2. Technical Assistance

1. The Project Implementing Entity shall ensure that: (a) all consultancies related to technical assistance, design and capacity building under the Project, the application of whose results could have environmental, social and health and safety implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Association; and (b) such terms of reference shall require the technical assistance, design and capacity building activities to take into account the requirements of the applicable Association's Safeguards Policies and EHS Guidelines.

3. Monitoring and Reporting

1. Without limitation upon its other reporting obligations under this Agreement, the Project Implementing Entity shall:
 - (a) take all measures necessary on its part to regularly collect, compile, and submit to the Association, and promptly in a separate report whenever the Association may require, information on the status of compliance with the Safeguards Instruments, all such reports in form and substance acceptable to the Association, setting out, inter alia: (i) the status of implementation of the Safeguards Instruments; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the Safeguards Instruments; and (iii) corrective and preventive measures taken or required to be taken to address such conditions;
 - (b) promptly furnish to the Association a copy of each quarterly progress report prepared and submitted by any entity (including any engineer) supervising the Project's civil works, the Project's contractors and/or subcontractors; and
 - (c) promptly notify the Association of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers.

4. Grievance Mechanism

1. The Project Implementing Entity shall maintain, throughout Project implementation, and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.

5. Dam Safety

Existing Dams

1. To ensure the proper management and safety of the Sindh barrages, the Project Implementing Entity:
 - (a) shall carry out a safety inspection and assessment of the Kotri Barrage by independent experts whose terms of reference, qualifications, and experience shall be satisfactory to the Association, and shall retain the experts for further safety review if required remedies are identified; and
 - (b) in accordance with terms of reference and schedule satisfactory to the Association: (i) prepare the safety inspection report, an operation and maintenance plan and emergency preparedness plan for the Kotri Barrage, based on the results of said inspection and assessment; (ii) prepare an operation and maintenance plan and emergency preparedness plan for the Guddu and Sukkur Barrages; (iii) ensure that said inspection report and plans (“Dam Safety Plan”) take into account inter-coordination between the three (3) barrages; (iv) furnish such Dam Safety Plan to the Association for its review; and (v) ensure adequate implementation of the Dam Safety Plan.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports.

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of the indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar semester and shall be furnished to the Recipient not later than one (1) month after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Association, in sharing any information, report or document related to the activities described in Schedule 1 to the Financing Agreement, the Project Implementing Entity shall ensure that such information, report or document does not include Personal Data.
2. The Project Implementing Entity shall provide to the Recipient not later than four (4) months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.